

Exhibit B

**Panagos Deposition Excerpt
(Pages 68–105; 116–17)**

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1 and I'm going to come through on that promise now.

2 BY MR. HUTTENLOCHER:

3 Q. So Mr. Panagos, I understand you were
4 also a member of the Investigation Committee of the
5 Board of iMedia Brands; is that correct?

6 A. Yes.

7 Q. And do you recall when the
8 Investigation Committee was formed?

9 A. I don't recall the specific dates,
10 no.

11 (Exhibit 4, Resolutions of the Board
12 of Directors of iMedia Brands, Inc., Appointment of
13 Independent Investigation Committee dated June 8,
14 2023, was marked for Identification by the court
15 reporter.)

16 BY MR. HUTTENLOCHER:

17 Q. I'm going to bring up a document and
18 an exhibit which we'll mark as Exhibit 4, which is a
19 document entitled Resolutions of the Board of
20 Directors of iMedia Brands, Inc., Appointment of
21 Independent Investigation Committee dated June 8,
22 2023.

23 Do you see that?

24 A. Yes.

25 Q. Okay. And I'm happy to scroll down

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1 through the document but I'm going to go to the last
2 page just to show you the -- there's an Investigation
3 Committee charter, which is on page 3 of this PDF and
4 then down to the last page includes a series of
5 signatures of board members, including yourself.

6 Do you see that?

7 A. Yes.

8 Q. I'm going to go back to the first
9 page and let me know if you'd like to review the
10 document or if you want me to just kind of ask some
11 questions specifically and you can review as you
12 need.

13 A. Let me just take a quick look at it.

14 Q. Yeah, for sure. Let me know when
15 you're ready. Okay?

16 A. Okay. Can I see the next page? Next
17 page. Next page. Next page. Next page. Thank you.

18 Q. I'm going to go back to the first
19 page. Now, I may have asked this already, but
20 Mr. Panagos, does reviewing this document refresh
21 your recollection that the independent Investigation
22 Committee of the Board of Directors of iMedia Brands
23 was formed on or before June 8, 2023?

24 A. Yes.

25 Q. And looking down to the first

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1 paragraph starting, "Further resolved," is it correct
2 that board members Alan Aldworth, Jill Frizzley and
3 yourself were appointed to serve as the sole members
4 of the Committee?

5 A. Yes.

6 Q. And looking at the top of page 2, it
7 says: "Further, resolved that board member Tim
8 Peterman shall be and is hereby, recused from matters
9 related to the Board's consideration of the
10 Investigation," which is a capitalized term.

11 Do you see that?

12 A. Yes.

13 Q. Do you know why Mr. Peterman had to
14 be recused from matters related to the Board's
15 consideration of the Investigation?

16 A. Can you go back up a page?

17 Q. Certainly.

18 A. As you can see in the first
19 "whereas," the allegations related to numbers 1, 2
20 and 3, Mr. Peterman was a central figure with respect
21 to all three of those issues.

22 Q. Now, I'm going to go down to page 3,
23 which is the Independent Investigation Committee
24 Charter.

25 Do you see that?

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1 A. Yes.

2 Q. And did you have any involvement in
3 drafting the Independent Investigation Committee
4 Charter?

5 A. I'm sure I saw a draft of it before
6 it was finalized.

7 Q. Do you know if you made any comments
8 To the Investigation Committee Charter?

9 A. I do not recall.

10 Q. And if we look at the paragraph
11 that's the first under "Purpose," it says: "Pursuant
12 to this charter, adopted by the Board of Directors of
13 iMedia Brands, which is defined as the Company, on
14 June 8, 2023, the Board hereby establishes an
15 Independent Investigation Committee, as the committee
16 for the purpose of conducting and overseeing an
17 independent investigation on behalf of the Board into
18 certain allegations related to 1, customer refunds;
19 2, payment of sales tax; and 3, executive
20 compensation, open paren, defining the term
21 Investigation, closed paren, and making any
22 appropriate recommendations to the Board regarding
23 the Investigation.

24 Do you see that, Mr. Panagos?

25 A. Yes.

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1 Q. And does that refresh your
2 recollection as to the purpose of the Investigation
3 Committee?

4 A. Yes.

5 Q. Do you know how it came to be that
6 the three topics enumerated in that paragraph under
7 "Purpose" were selected as areas for investigation by
8 the Investigation Committee or by the Board of
9 iMedia?

10 A. There were whistleblower allegations
11 regarding these three issues that came internally
12 from employees at the company.

13 Q. Do you know if it was a single
14 whistleblower that raised all three issues or were
15 there multiple whistleblowers?

16 A. I believe it was multiple
17 whistleblowers but I don't recall specifically.

18 Q. So with respect to the -- strike
19 that.

20 Other than the three issues that are
21 enumerated here in the first paragraph here, were
22 there any other topics that the Investigation
23 Committee investigated?

24 A. No.

25 Q. I'd like to start with the sales tax

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1 issue.

2 Can you share what you understand the
3 sales -- the payment of sales tax issue was that was
4 identified, where it came to light through a
5 whistleblower that needed to be investigated?

6 A. Yeah, there were significant unpaid
7 sales taxes that the company had that arose either
8 through -- it was from a transaction that had
9 happened a period of time and it was -- the
10 whistleblower allegation was that management knew
11 that they owed the sales taxes but management did not
12 authorize the payment of those sales taxes to the
13 taxing authorities.

14 Q. Do you know the dollar amount or the
15 magnitude, and an estimate is fine, of how much in
16 sales tax was owed to taxing authorities?

17 A. I believe the number in the aggregate
18 was somewhere in the neighborhood of \$3 and a half
19 million.

20 Q. Do you know how many states happened
21 to be involved -- were owed back taxes?

22 A. I recall that it was a minimum of a
23 dozen states. 16 is the number that I have in my
24 head, but I'm not sure if that's accurate.

25 Q. Based on the financial performance of

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1 the company, was a \$3.4 million potential liability
2 something that was a significant liability for the
3 company?

4 A. It's very material.

5 Q. Were you concerned about the
6 allegation of this amount of unpaid sales taxes?

7 A. Yes. My understanding is that sales
8 taxes are a fiduciary obligation. The company
9 collects sales taxes from individuals and then holds
10 them in a fiduciary capacity and remits them to the
11 states and nonpayment of those taxes creates direct
12 liability -- potential direct liability of officers
13 and directors for, you know, willful nonpayment of
14 those sales taxes. It's a very serious issue in
15 restructuring situations -- well, whenever it occurs,
16 it's serious, but because cash is tight in
17 restructuring-related situations, it's -- it's
18 something that is focused on by financial
19 professionals who work in this space to ensure that
20 those obligations are satisfied.

21 Q. Was this topic discussed among the
22 members of the Investigation Committee?

23 A. Yes.

24 Q. Did your fellow members of the
25 Investigation Committee share your concerns as to the

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1 seriousness of this particular issue?

2 A. Yes.

3 Q. Did the Investigation Committee make
4 any recommendations to the Board about handling or
5 addressing this issue with unpaid sales taxes?

6 A. With respect to all three of the
7 issues, the investigations committee never completed
8 its work and, therefore, never made any
9 recommendations, formal or otherwise, to the full
10 Board of Directors.

11 Q. Do you recall if the issue of the
12 unpaid sales taxes was discussed at the full board
13 level?

14 A. Yes, it was.

15 Q. And did the Board take action to
16 ensure that those sales taxes were paid?

17 A. The board questioned the
18 Restructuring Committee -- Special Committee whose
19 purview and authority it was to -- over the cash
20 flows and the budgets for the company and, you know,
21 there was a lot of conversation at the board level
22 that I would say the Special Committee was left with
23 the impression that the board did not find the
24 situation or find the issue to be as serious as other
25 members of the Board of Directors.

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1 So this is before the -- before the
2 formation of this -- of this committee and somewhat
3 afterward. Ultimately, the sales taxes were set
4 aside and resolved and paid as part of the -- out of
5 the debt proceeds and, you know, granted authority
6 for the payment of those funds, but it was something
7 that the Special Committee worked very, very hard to
8 ensure that those payments were ultimately made.

9 Q. I believe you mentioned that some of
10 the -- the board members or some of the nonSpecial
11 Committee board members did not take the issue as
12 seriously as possibly the members of the Special
13 Committee. Are there individuals you have in mind
14 that didn't take it as seriously?

15 A. I would say Mr. Peterman primarily
16 and, you know, when you speak with Mr. Alt, I think,
17 you know, he had the direct conversations regarding
18 how those payments should be made and whether the
19 cash available should be set aside for the sales
20 taxes or whether the cash should be put to other
21 corporate uses as the company was scrambling to stay
22 out of Chapter 11.

23 Q. Even if either the Special Committee
24 or the Investigation Committee didn't maybe make a
25 formal recommendation to the Board, did you express

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1 your view to the larger board as to what should have
2 been done with these unpaid sales taxes?

3 A. Yes.

4 Q. What did you tell the rest of your
5 fellow board members?

6 A. That these were fiduciary
7 obligations, that these were monies that were
8 collected on behalf of others and that they needed to
9 be paid to the taxing authorities and that this was a
10 serious issue for consideration.

11 Q. Anyone other than Mr. Peterman
12 challenge your view in that regard?

13 A. I don't recall specifically but I
14 don't believe the -- my impression was that the other
15 members of the board, Mr. Porter and Ms. Krueger were
16 quite as concerned about the issue as I was.

17 Q. Did you ever propose a motion to the
18 full board to instruct management to pay the sales
19 taxes as soon as possible?

20 A. We were -- the Special Committee was
21 working and had the authority to -- to manage the
22 cash and approve the budgets, so it was -- it was
23 something that was ultimately in our purview to make
24 sure that we negotiated. The company didn't have the
25 \$3 and a half million, so it was something that

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1 was -- you know that was a very fine line and though
2 the number in the aggregate was \$3 and a half
3 million, it was spread over a number of states, 12 to
4 16 states and there wasn't -- there was work being
5 done by Huron once they discovered this issue to
6 reconcile the numbers on a state-by-state issue. You
7 know, it doesn't help if you owe the money to 16
8 states, you don't want to overpay one state and
9 underpay a different state. So you had to make sure
10 that you had the proper numbers on a state-by-state
11 basis and because this was a -- an issue that went
12 back with the company many years, the sufficiency
13 and, you know, the reconciliation process was a very
14 lengthy and involved process that Mr. Alt will be
15 able to give you chapter and verse on.

16 Q. And I believe you mentioned that for
17 this issue concerning the payment of sales taxes,
18 that the Investigation Committee was not able to
19 complete its investigation into that particular
20 issue?

21 A. We were not.

22 Q. What issues did the Investigation
23 Committee consider investigating with respect to this
24 topic of the payment of sales taxes?

25 A. I'm sorry. Could you please rephrase

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1 the question?

2 Q. Yeah, let me -- I'm going to try to
3 be a little bit more colloquial and -- with what I'm
4 getting at is, if Huron and Mr. Alt were able to
5 figure out the amount of sales tax that was owed to
6 the various taxing authorities, to the best of their
7 ability, what issues would have been left for the
8 Investigation Committee to look at when it came to
9 the issue of the payment of the sales taxes?

10 A. Given that it was a -- an issue that
11 was a multiyear issue or an issue from one or two
12 years prior, I don't recall specifically what the
13 time period was involved but there was some sort of a
14 glitch in the financial reporting at the company
15 that, you know, resulted in these taxes not being
16 paid for a period of time and that the company had
17 ultimately fixed the issue on a go-forward basis but
18 for that period of time, there was no payment of
19 those sales taxes and so the question was, was who
20 was aware of the issue and why was the issue not
21 addressed sooner. And if I recall the whistleblower
22 allegation was such that it was that management was
23 aware of the issue but they chose to ignore the
24 issue. So the investigation was to determine whether
25 or not, you know, management acted appropriately once

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1 they learned of the liability.

2 Q. Any members of management in
3 particular that were potentially implicated by the
4 whistleblower allegation?

5 MR. DEVORE: Just a caution here to
6 remember to distinguish between what you have heard
7 directly and what's been advised with counsel to the
8 Investigation Committee has advised.

9 THE DEPONENT: I'm sorry, Andrew.
10 Could you rephrase that?

11 MR. DEVORE: Yeah, just remember
12 that, you know, in answering these questions not to
13 divulge attorney-client communications from the
14 investigation -- the special -- the Investigation
15 Committee's counsel. If you have independent
16 knowledge, of course, you're free to answer, but just
17 don't reveal attorney-client communications.

18 THE DEPONENT: Got it. Thank you.

19 MR. DEVORE: With that instruction,
20 if you're able to answer, you can.

21 THE DEPONENT: Could you repeat the
22 question, please?

23 MR. HUTTENLOCHER: Jennifer, I'm
24 sorry. Would you mind reading it back?

25 (Designated question was read back.)

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1 A. I believe the specific whistleblower
2 allegation was that the primary member of management
3 that knew was Mr. Peterman. I don't know if there
4 were.

5 Q. Did you determine whether any board
6 members of iMedia Brands was aware of the issue or
7 made aware of the issue?

8 MR. DEVORE: Objection to form.

9 A. There was a question as to whether or
10 not the audit committee was aware.

11 BY MR. HUTTENLOCHER:

12 Q. But am I correct that you weren't
13 able to complete an investigation to determine
14 whether members of the audit committee were aware of
15 this particular issue?

16 A. That is correct.

17 Q. And do you recall which members of
18 the iMedia Brands board were a member of the audit
19 committee at the time that these unpaid sales taxes
20 were accruing?

21 A. I don't know the answer to that.

22 Q. I believe you mentioned that the
23 sales taxes are now fully paid and was done so out of
24 the DIP funding?

25 A. That's my understanding, yes.

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1 Q. Do you know if that included any
2 fines or penalties to these taxing authorities?

3 A. I don't recall.

4 Q. Is that a question as well that
5 should be -- would be better directed to Mr. Alt?

6 A. Yes.

7 Q. I believe the second issue then was
8 the -- actually, it's listed here on the first issue
9 of the purpose was customer refunds.

10 Do you see that?

11 A. Yes.

12 Q. And what was the issue with the
13 customer refunds?

14 A. It's my understanding that customers
15 returned goods and their refunds were not processed
16 and money was not refunded back to the customers and
17 management knowingly -- sorry, and that management
18 knowingly -- that management knew this and yes, it
19 did not process the refunds.

20 Q. And I believe you've covered this
21 before but the Investigation Committee did not
22 complete its investigation with respect to this
23 customer refund issue, correct?

24 A. We did not.

25 Q. And what was the -- was there any

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1 particular member of management that was mentioned by
2 the whistleblower allegations about this particular
3 customer refund issue that possibly knew about it?

4 A. It's my recollection that
5 Mr. Peterman was the party that was -- was alleged to
6 have the knowledge and did nothing about it.

7 Q. Any other members of the iMedia Board
8 of Directors that potentially knew about this
9 particular issue with customer refunds?

10 A. It's not clear who knew what.

11 Q. If the Investigation Committee was
12 able to complete its work, is that a topic that the
13 Investigation Committee would have sought answers to?

14 A. Yes.

15 Q. The third issue here is concerning
16 executive compensation.

17 Do you see that?

18 A. Yes. It's not on the screen, but I
19 recall it.

20 Q. Oh, I'm sorry. I'm looking at it,
21 but I'll put it on the screen just so that my
22 question makes some sort of sense.

23 So No. 3 in the enumerated list of
24 Purpose areas is executive compensation.

25 Do you see that?

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1 A. Yes.

2 Q. And what do you recall the issue was
3 as relayed by the whistleblower concerning executive
4 compensation?

5 A. It's my recollection that the
6 accusation was that Mr. Peterman prepared a schedule
7 for the Compensation Committee that had adjustments
8 to the company's EBITDA, that then allowed him to
9 qualify for a management bonus.

10 Q. And do you know if Mr. Peterman was
11 paid that management bonus based on --

12 A. Peterman --

13 Q. I'm sorry. I'll need -- let me ask
14 that question again.

15 Do you know whether Mr. Peterman was
16 paid that bonus based on the alleged adjusted EBITDA
17 numbers that were alleged by the whistleblower?

18 A. I recall hearing two components. One
19 is that the bonus was approved and authorized, but I
20 don't recall if the bonus was partially paid or was
21 going to be partially paid. I don't recall if the
22 monies actually were transferred or not to
23 Mr. Peterman's account.

24 Q. And other than Mr. Peterman, did the
25 whistleblower's allegations implicate any other

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1 members of the iMedia Brands' Board of Directors?

2 A. Not that I recall now.

3 Q. Had the Investigation Committee been
4 able to complete its investigation, would it have
5 investigated whether any members of the Board of
6 Directors knew about the potential incorrect
7 adjustments to EBITDA used by Mr. Peterman to assist
8 his qualification for a management bonus?

9 A. That it was my understanding that
10 the -- that the adjustments that were proposed or
11 alleged were presented to the Compensation Committee,
12 so I don't recall who was on the Compensation
13 Committee, but the question would have been who was
14 aware and who knew what when.

15 Q. And fair to say the Investigation
16 Committee wasn't able to ask those questions or get
17 answers to those questions?

18 A. That is correct.

19 Q. Other than the three issues that
20 we've talked about, to the best of your knowledge,
21 was the Investigation Committee empowered to
22 investigate other topics?

23 A. They were not.

24 Q. Is that unusual, in your experience?

25 A. I would say that the Investigation

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1 Committee, if the powers were going to be expanded
2 would have to go back to the full board for approval
3 if there were items that were of no -- that came to
4 the committee's attention that we believed would
5 require investigation. We would have to go back and
6 I would have to consult with counsel, go back and
7 look at the charter to see, you know, where the line
8 is, at what point do you have to go back to the full
9 board or whether or not the committee had the
10 authority on its own.

11 Q. And Mr. Panagos, you're still a
12 member of the iMedia Brands' Board of Directors,
13 correct?

14 A. I am.

15 Q. Separate from the three issues that
16 were enumerated in the Investigation Committee
17 charter, do you believe that there are other similar
18 issues or potential allegations of wrongdoing that
19 should be investigated by the Board of Directors?

20 A. Mr. Alt brought to my attention,
21 during the course of his work potential issues around
22 inventory reserves.

23 Q. Any other issues other than the
24 inventory reserves?

25 A. The significant dollars that were

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1 spent by the company over a number of years with the
2 companies affiliated with two of the board members,
3 Michael Friedman and Eyal Lalo. I don't know how to
4 pronounce his last name. But there were very
5 significant dollars that were spent with those
6 directors' companies overtime so that would be
7 something that, you know, in an insolvent situation,
8 you know, would be, typically, looked at.

9 Q. Any other issues?

10 A. Those are the primary two that come
11 to mind.

12 Q. Even some of the issues that you have
13 identified with the company's accounting controls
14 with regard to sales tax, executive compensation and
15 potentially with respect to inventory reserves, do
16 you think an investigation of the Company's
17 accounting practices in general would be warranted
18 under the circumstances?

19 MR. DEVORE: Objection to form.

20 A. Mr. Peterman was both CFO and CEO, so
21 that's something that is unusual in my experience
22 and, you know, something that is unusual, something
23 that you don't usually see. So it's not clear, you
24 know, how the company addressed that issue -- not
25 clear to me how the company addressed that issue.

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1 I'm sure the audit committee had some procedures, I
2 would think but I don't know.

3 Q. I could cover the topic of the
4 inventory reserves with Mr. Alt, but with respect to
5 the transactions between Mr. Friedman's company and
6 Mr. Lalo's company and iMedia Brands, are there any
7 specific aspects of that business relationship that
8 you believe may be -- may be worth investigation for
9 any potential wrongdoing?

10 A. Only circumstantial.

11 Q. Is there any particular that you're
12 thinking of when you make a reference to something
13 circumstantial?

14 A. It would require me to speculate and,
15 you know, the facts -- the facts are that
16 Mr. Peterman was CEO and Mr. Peterman was CFO. There
17 were other potential issues regarding the actions of
18 Mr. Peterman and there were significant dollars spent
19 with those vendors but other than that, I'm not aware
20 of any -- any specific allegations and I am not aware
21 of anything.

22 Q. Is it fair to say that relationship
23 is unusual enough that it seems, in your view, it
24 would be worth investigation by the Board or a
25 committee of the Board?

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1 A. It's my understanding that there were
2 specific audit committee procedures around looking at
3 that relationship, so I would need to educate myself
4 with respect to those before I answered that question
5 and I'm not aware of exactly what they did and how
6 they did it.

7 Q. But in any event, the Investigation
8 Committee didn't have an opportunity to investigate
9 that particular issue, correct?

10 A. It was not -- it was not on our slate
11 of issues to investigate. You know, we didn't have
12 any information that, you know, gave us cause to go
13 and look at it, plus, you know, the -- we were very
14 focused, you know, in a very short amount of time and
15 constrained by dollars for our professionals.

16 Q. And with respect to professionals,
17 did the Investigation Committee have counsel to
18 advise it?

19 A. Yes.

20 Q. Who or what law firm was that?

21 A. Sidley Austin.

22 Q. And was there a specific lawyer at
23 Sidley Austin that was the point of contact for
24 counsel's advice to the investigation?

25 A. The Investigation Committee work was

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1 led by an attorney by the name of Tim Treanor,
2 T-r-a-i-n-o-r I believe is how it's spelled.

3 Q. And I believe you mentioned earlier
4 that Sidley also was counsel to the full Board of
5 Directors; is that right?

6 A. Yes, although -- though Sidley was
7 ostensibly representing the full Board of Directors,
8 I never had any separate conversations or
9 conversations with Sidley regarding their
10 representation of me as a board of director.

11 Q. Are you referring to a conversation
12 between yourself and your individual -- in your
13 capacity as an individual board member in the
14 conversation with Sidley?

15 A. Yes, yes.

16 Q. So -- and as a -- do I understand
17 correctly that there was -- I believe we mentioned
18 them earlier, Mr. Califano was a lawyer at Sidley who
19 was advising the full Board of Directors; is that
20 right?

21 A. You know, I don't recall specifically
22 when Sidley was retained as to whether Sidley was
23 retained to represent the entire Board of Directors
24 or just a subset of the Board of Directors. I just
25 don't recall specifically. It was very muddy around

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1 that time.

2 Q. Was there, to your knowledge, any
3 ethical screens erected at Sidley Austin between
4 Mr. Califano and Mr. Treanor who was apparently
5 specifically advising the Investigation Committee?

6 A. There was a split vote for the
7 retention of Sidley for them to represent both the
8 Investigations Committee as well as some or all of
9 the Board of Directors. Let me phrase it like that
10 because I'm unclear.

11 But, ultimately, the split vote
12 resulted in Sidley being authorized to retain -- to
13 represent both. That's my recollection and I
14 specifically made the request that Sidley create an
15 ethical barrier, information barrier, et cetera, and
16 that the investigation side should not be interfacing
17 with, speaking with or doing anything with the side
18 of Sidley that was representing the board members.

19 Q. As part of that split vote, did you
20 vote against Sidley representing the Investigation
21 Committee?

22 A. I did.

23 Q. Do you know whether there were other
24 board members that voted with you?

25 A. Jill Frizzley voted with me and

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1 Landel Hobbs, I know that those two were not in
2 favor. I don't recall if anybody else joined us.

3 Q. Understanding it was muddy, to your
4 understanding, but with respect to Sidley's
5 representation of the whole board I guess run through
6 Mr. Califano, you mentioned it could have been the
7 whole board or just a subset of the Board. Who would
8 the subset --

9 A. I would have to -- sorry. I would
10 have to see his engagement letter to refresh my
11 recollection.

12 Q. Do you have a subset of the board
13 members in mind when you were thinking that maybe
14 they were engaged -- that Mr. Califano was engaged by
15 just a subset of the Board members?

16 A. Well, the board members that were
17 pushing strongly for the retention of Sidley were
18 Mr. Porter and Ms. Krueger and I forget if there were
19 others that joined them but I think ultimately they
20 did because they ultimately got the votes and were
21 retained.

22 Q. Do you --

23 A. But I'd also have to go back and
24 refresh my recollection as to exactly what was voted
25 on when. I don't -- I don't recall specifically but

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1 I recall there being just a lot of conversation
2 around all of that.

3 Q. Did the Investigation Committee have
4 an alternative law firm or individual counsel in mind
5 that it was -- that it would have preferred to have
6 hired than Mr. Treanor at Sidley?

7 A. Well, the Investigation Committee was
8 not formed until Sidley was hired as counsel, so
9 there was -- counsel was first hired and then Sidley
10 conducted interviews of board members to determine
11 who they believed would our best -- were best
12 situated or qualified to be on that Investigation
13 Committee. So it wasn't that the committee hired --
14 that the committee was formed and then they hired
15 counsel. It was the board hired counsel for the
16 committee and then the committee was formed upon the
17 advice of that counsel.

18 Q. Okay. I'm just going to put that
19 charter of the Investigation Committee back up.

20 A. Sure.

21 Q. And I'm looking in particular to
22 this -- the second sentence of the first full
23 paragraph under Roman numeral III with the heading
24 Authority. Do you see that?

25 A. Yep.

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1 Q. And that sentence says, quote: The
2 committee shall have the authority in its sole
3 discretion to retain or obtain the advice of
4 independent legal, accounting or other advisors, as
5 it deems necessary to carry out its duties, including
6 complete authority to approve their fees and other
7 retention terms.

8 Do you see that?

9 A. Yes.

10 Q. So even if Sidley was selected as
11 counsel prior to the Investigation Committee being
12 formed, did the Investigation Committee ever seek to
13 retain or obtain the advice of independent legal
14 counsel?

15 A. Well, we used Sidley. It was my
16 understanding that Sidley was the counsel that we
17 were -- that we were using.

18 Q. I guess if -- if you and Ms. Frizzley
19 had both objected to the hiring of Sidley as part of
20 the split vote that you referenced before, do you
21 believe that the committee was empowered to then hire
22 different counsel upon the formation of the
23 Investigation Committee or were you stuck with the
24 Board's selection of Sidley?

25 A. That's a good question. I don't

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1 know.

2 Q. So I know that you mentioned that the
3 Investigation Committee wasn't able to complete its
4 investigation, but did it engage in any at least
5 preliminary steps with respect to conducting
6 investigation -- conducting an investigation?

7 A. The first step that they embarked
8 upon was data gathering of documents, imaging of
9 people's computers for documents, as well as emails
10 and it was a very large data gathering effort that I
11 know Sidley took with the help of an outside vendor
12 to do the technical IT portion.

13 By the way, can we take a five-minute
14 bio break?

15 MR. HUTTENLOCHER: Absolutely. We
16 can go off the record right there and we can come
17 back at the top of the hour.

18 (A brief recess was taken.)

19 BY MR. HUTTENLOCHER:

20 Q. Mr. Panagos, I think where we left
21 off was kind of the first actions of the
22 Investigation Committee was to engage in data
23 gathering which was constructed principally by Sidley
24 with the assistance of an outside vendor; is that
25 right?

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1 A. Now, Michael, what I would like to
2 just go back and add on to -- and make a
3 clarification that, you know, ultimately, Jill
4 Frizzley and I were comfortable with Jim Treanor at
5 Sidley, having the requisite experience, personality,
6 et cetera and actually had quite a bit of confidence
7 with him for his ability to appropriately run the
8 investigation. So I just wanted to -- no aspersions
9 to Mr. Treanor and his sufficiency, his expertise,
10 his professionalism, et cetera, I just wanted to, you
11 know, make sure that that was clear.

12 Q. No, I appreciate that clarification
13 and given all that, though, you did at least have
14 some trepidation about having the same firm represent
15 the Investigation Committee and members of the
16 broader Board of Directors, correct?

17 A. Yes.

18 Q. So in returning to the issue of the
19 data gathering where I believe we left off, did the
20 committee encounter any issues or problems in
21 collecting data from various individuals associated
22 with iMedia?

23 A. You know, I guess I'm a little bit
24 unclear in answering this question as to, you know,
25 what is privileged and what is not, so I'm really not

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1 sure how to answer the question, to be honest with
2 you. So I don't -- you know, Sidley embarked upon,
3 you know, a data gathering exercise. You know, I
4 don't know kind of at what point in time, you know,
5 kind of privilege extends, you know, around issues
6 and collection of data from whom, when, et cetera,
7 you know, for an investigation that was in process
8 and never completed.

9 MR. DEVORE: Steve, I draw the line
10 with any advice -- any communications that you
11 received from Sidley as to -- if you know
12 independently, that's one thing but I would caution
13 you not to reveal, you know, communications from
14 Sidley or advice to the committee.

15 A. Yeah, so Michael, any that would know
16 in their difficulty in obtaining information from
17 members of -- from the parties that they were
18 requesting the information from, you know, I would
19 have learned from Sidley. So I think, to that
20 light -- to that light, you know, that's what we've
21 got. I'm just going to put you guys on hold for just
22 one second.

23 MR. HUTTENLOCHER: Okay. Jen, if we
24 can remain on the record. I wanted to communicate
25 something to Andrew on the record here. So Andrew as

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1 I believe you are likely aware, the committee had an
2 informal interview with Mr. Panagos where Mr. Treanor
3 had attended and we had received information, as part
4 of that discussion with respect to to the individuals
5 who were giving problems -- who were reticent or
6 there were issues that came up in the data collection
7 process.

8 So I think -- I'm not sure that that
9 constitutes privileged information to begin with but
10 I think with respect to those factual questions that
11 don't have to do with legal advice that those are
12 proper areas of inquiry and on the other and
13 ultimately if there is a privilege attached, that
14 with respect to those questions that that privilege
15 would have been waived, that would have been knowing
16 that counsel for the Special Committee had attended
17 that interview.

18 MR. DEVORE: We're not going to agree
19 at this point, you know, on the fly as to whether
20 there was a waiver, you know, obviously Ropes was not
21 on that discussion, so I don't know what
22 qualifications were had around the informal interview
23 that was permitted, so, but, you know, as far as
24 today's deposition goes, the instruction stands and
25 we can, you know, you clearly already know the

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1 information that you're trying to elicit here and we
2 can address -- so I don't think it's a discovery
3 issue, you know, whether there was a waiver, whether
4 that's information you can use at a later point in
5 time, you know, we can address it offline. You
6 already know the information you're seeking to elicit
7 so I think we can sort of agree to disagree, you
8 know, at this point and address it offline.

9 MR. HUTTENLOCHER: I am okay
10 following that approach, especially given that it's
11 now 5 p.m. on the east coast and wouldn't have access
12 to a judge now anyway. I'll reserve our rights to
13 keep the deposition open for these particular
14 questions and hopefully we'll be able to work it out
15 offline. I'm just going to ask a few questions and
16 if there's assertions of privilege and instruction
17 not to answer, so be it. Let's just have a record of
18 what the questions and answers are so we can address
19 the issue when necessary.

20 So Mr. Panagos in the course of the
21 investigation, did -- did the Investigation Committee
22 have any concerns that Mr. Peterman had deleted or
23 destroyed documents that would have been relevant to
24 the scope of the investigation.

25 MR. DEVORE: And Mr. Panagos, as

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1 before, I caution you not to reveal attorney-client
2 communications so if you can answer that separately,
3 you're free to answer but please do not reveal
4 attorney-client communications.

5 A. Anything I learned regarding that
6 topic would be directly from Sidley.

7 MR. HUTTENLOCHER: Based on that, is
8 there an instruction not to answer that question from
9 counsel?

10 MR. DEVORE: The witness has answered
11 the question that he only knows the information
12 you're eliciting through counsel, so I think he's
13 answered that he's following counsel's instruction.

14 MR. HUTTENLOCHER: Okay, fair enough.
15 BY MR. HUTTENLOCHER:

16 Q. As part of the collection of
17 documents, did the Investigation Committee seek to
18 collect data from cell phones of board members?

19 MR. DEVORE: Same instruction.

20 A. Well, I do know firsthand that my
21 data was collected so that's firsthand knowledge that
22 I have on that one.

23
24 BY MR. HUTTENLOCHER:

25 Q. And what about with respect to other

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1 board members?

2 A. Any information I have I would have
3 received from Sidley, although I do know
4 independently that Jill Frizzley also provided
5 information.

6 Q. Do you know independently whether
7 Mr. Lalo -- whether his cell phone was sought to
8 collect data from it for the investigation?

9 A. I do not know independently.

10 Q. And any knowledge of you would have
11 of that would come from counsel at Sidley Austin; is
12 that correct?

13 A. Yes, that is correct.

14 Q. And what about with respect to
15 Mr. Friedman?

16 A. Same.

17 Q. What about the collection of data or
18 whether that's on the systems of the company or from
19 cell phones of any members of management of iMedia
20 Brands?

21 A. Same.

22 Q. And with respect to certain employees
23 in particular Matt Barsness, Andrea Offerson and Alex
24 Wasserburger. Do you know of --

25 A. Same; same.

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1 Q. Other than seeking the collection of
2 documents, did the Investigation Committee engage in
3 any other work streams?

4 A. No.

5 Q. Did it interview anybody at the
6 company?

7 A. I'm sorry. Did who interview anyone
8 at the company?

9 Q. Anyone from the Investigation
10 Committee participate in an interview of any board
11 members in its role as the Investigation Committee?

12 A. I can only speak for myself. I did
13 not -- I did not attend any -- any interviews at all
14 and to my knowledge, the other members of the
15 committee did not either.

16 Q. Do you know whether any counsel from
17 Sidley and Austin was -- conducted an interview of
18 any employees or board members of iMedia Brands in
19 connection with its role as counsel to the
20 Investigation Committee?

21 MR. DEVORE: Mr. Panagos, that was a
22 yes-or-no question. Do you know?

23 A. Do I know if they did -- I'm sorry.

24 BY MR. HUTTENLOCHER:

25 Q. Do you know whether or not counsel

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1 for the Investigation Committee conducted any
2 interviews of any employees or board members of
3 iMedia Brands?

4 A. I believe yes. I have knowledge
5 agency to whether they did or didn't.

6 Q. And did Sidley conduct any interviews
7 of any employees or board members of iMedia Brands?

8 MR. DEVORE: Same instruction as
9 before.

10 A. Any information I have regarding what
11 they did, I would have learned from them so I think
12 it's still the same fruit of the tree as they say on
13 Law and Order.

14 MR. HUTTENLOCHER: We're all made
15 better lawyers by watching Law and Order, so...

16 Just for the record, I don't think
17 any of the questions that I asked elicited the advice
18 of counsel but I understand that counsel for the
19 Debtors disagrees, and we'll take that question up
20 with the Court at the appropriate time or if we can't
21 otherwise resolve it.

22 BY MR. HUTTENLOCHER:

23 Q. Mr. Panagos, did -- in your view, did
24 the Investigation Committee have sufficient resources
25 to complete its investigation?

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1 A. I would define resources as time and
2 money and we had an insufficient amount of time and
3 an insufficient amount of money.

4 Q. Was there a point in which Sidley
5 went pencils down on the investigation?

6 A. Yes.

7 Q. And when was that?

8 A. I would have to go back and look at
9 my records, but at some point in time, they ran out
10 of money and didn't want to incur further exposure
11 and potential nonpayment of fees.

12 Q. Do you know if Sidley completed their
13 work with respect to at least the collection of data?

14 MR. DEVORE: Same instruction.

15 A. Yeah, same answer, anything I would
16 know about their completion of work would have been
17 received directly from Sidley but we can say that a
18 report does not exist that I'm aware of nor have I
19 ever reviewed a draft. How is that?

20 BY MR. HUTTENLOCHER:

21 Q. And did Sidley ever provide, yes or
22 no, an oral report on its findings to the
23 Investigation Committee?

24 MR. DEVORE: Objection to form.

25 A. On findings, no.

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1 BY MR. HUTTENLOCHER:

2 Q. Did it provide all reports with
3 respect to the status of the investigation?

4 MR. DEVORE: Again, that's a
5 yes-or-no question.

6 A. Yes, we had regular investigations.

7 MR. DEVORE: It's a yes-or-no
8 question, Steve.

9 THE DEPONENT: Yes, thank you.

10 A. Yes.

11 BY MR. HUTTENLOCHER:

12 Q. Did you receive more than one, yes or
13 no?

14 A. Yes.

15 Q. Did you receive those on a weekly
16 basis or were they more frequent than that?

17 A. As scheduled.

18 Q. Mr. Panagos, as part of your work as
19 a board member for iMedia Brands, have you reviewed
20 the combined joint Chapter 11 plan of liquidation and
21 disclosure statement of Legacy IMBDS Inc. and its
22 debtor affiliates?

23 A. That's a very, very thick and
24 voluminous document but I have a general
25 understanding of what's in there.

[Pages 106–15 Have Been Intentionally Omitted]

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1 Q. And are you aware that there's a
2 chance that unsecured creditors can see zero
3 recovery --

4 A. Yes.

5 Q. I was just going to complete -- under
6 the terms of the proposed plan?

7 A. If litigation is ultimately
8 unsuccessful, yes.

9 Q. This is a yes-or-no question as well,
10 but have any current or former directors, managers or
11 officers or employees other than Tim Peterman been
12 discussed as being potentially carved out from the
13 scope of the release?

14 MR. DEVORE: Discussed by who?

15 MR. HUTTENLOCHER: By the board.

16 A. There was some discussion, yes. I
17 don't recall exactly what it was, though.

18 BY MR. HUTTENLOCHER:

19 Q. Do you recall who was discussed --

20 A. I do not.

21 Q. Was discussed at the board level?

22 A. The names were unfamiliar to me. I
23 don't recall them.

24 Q. Did the Investigation Committee
25 investigate whether the company has any claims or

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1 causes of action against any former board members of
2 iMedia?

3 MR. DEVORE: I apologize, Jennifer,
4 could you read that back. It's late in the day and I
5 didn't hear it, Mike.

6 (Designated question was read back.)

7 A. No.

8 BY MR. HUTTENLOCHER:

9 Q. Did the Investigation Committee
10 investigate whether the company has any claims or
11 causes of action against any former officers or
12 employees of iMedia Brands?

13 A. No.

14 Q. I believe you mentioned that the plan
15 calls for the formation of a litigation trust; is
16 that correct?

17 A. Yes.

18 Q. In your view, do you believe that the
19 litigation trust that would be formed as part of the
20 plan should be performing any additional
21 investigation as to whether there are potential
22 claims against directors, officers or employees of
23 iMedia Brands?

24 MR. DEVORE: Objection.

25 A. I'm sorry, do I -- could you repeat